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Report Highlights:

Use democratic method to resolve trade issues - Prime Minister, *Next two months crucial for Doha Negotiations*, *Government to allow duty-free wheat imports till February 28, 2007*, *Food Processing Ministry plans bringing food laws under one umbrella*, *Bt Cotton a boom to Punjab textile units*, *Supreme Court concerned over risks of open field trials of GM seeds*, *GEAC to look into GM crop irregularities*, *ITC Ltd. to open 54 choupal fresh stores*, *Suguna Poultry, SBI in pact for contract farming*, *Govt. partially lifts export ban on sugar*.

Includes PSD Changes: No
Includes Trade Matrix: No
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[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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USE DEMOCRATIC METHOD TO RESOLVE TRADE ISSUES – PRIME MINISTER

Prime Minister Manmohan Singh has called for a democratic method to solve issues relating to global trade, terming "non acceptable" the way developed nations were trying to manage international trade affairs. He called for a removal of trade-distorting farm subsidies, besides intensifying efforts to make trade more development-oriented so that globalization worked for all. "Old ways of managing global affairs, wherein a single-digit group of nations could constitute themselves into a global board of management, are over," he said while inaugurating a seminar organized by the Federation of Indian Chambers of Commerce and Industry (FICCI) and Shri Ram Center for Industrial Relations. Hitting out at the developed countries for subsidies that were coming in the way of the Doha Round, he said, "We cannot continue to live in a world of 'butter mountains and rivers of milk', liberally funded by government subsidies when the poor starve in the villages of the Third World." (Source: Financial Express, 12/19/06)

NEXT TWO MONTHS CRUCIAL FOR DOHA NEGOTIATIONS

India cautioned the developing world to be vigilant as the next two months will be crucial for any possible movement in multilateral trade negotiations. "If there is no deal on the table by April, the conclusion of the Doha Development Round could be delayed till 2009," Commerce Secretary Gopal K. Pillai said while addressing a South Asia seminar organized by the Center for Trade and Development. He said some concrete proposals were necessary to be on the table in the next two months for forward movement in WTO negotiations. He, however, said India would not be unduly worried if the current stalemate continued for even two or more years. Unless there was substantial movement by the US on trade-distorting agriculture subsidies, the Doha round was not going anywhere, he said. (Source: Financial Express, 12/20/06)

GOVERNMENT TO ALLOW DUTY-FREE WHEAT IMPORTS TILL FEBRUARY 28, 2007

The government granted a two-month extension for duty-free wheat imports by private traders till February 28, 2007. In September, the government cut the import duty on wheat to zero from the previous 5 percent until December 31, 2006, to increase the availability of wheat and to keep prices in check. Importers will still be allowed to import wheat at 5 percent duty till March 31, 2006, after which it will attract 50 percent duty. (Source: Business Standard, 12/16/06)

Post Comment: The government notification regarding this is available at: www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/cs116-2k6.htm The government has not yet notified the extension of the relaxed phytosanitary standards for wheat beyond December 31, 2006, although this step has been reportedly approved.

FOOD PROCESSING MINISTRY PLANS BRINGING FOOD LAWS UNDER ONE UMBRELLA

The Ministry of Food Processing Industries (MFPI) has indicated that a central Food Safety and Standards Authority of India (FSSAI) will be set up in a couple of months, which would facilitate the implementation of the Food Safety and Standards Act 2006. "All legislation dealing with food business in the country will remain enforced till the FSSAI is set up," Mr. P.I. Suvrathan, Secretary, MFPI, said. The setting up of FSSAI will see all food processing units come under its purview, making the process of inspection easier. FSSAI would be an autonomous body with representatives from various ministries such as Agriculture, Commerce, Health, Food Processing, and Consumer Affairs. After setting up of the FSSAI, eight existing food laws would stand repealed. Apart from registration and licensing of food business in the country, the FSSAI would also deal with imports of food products. The government will follow the standards set by FSSAI while regulating import of food articles under the Foreign Trade (Development and Regulation) Act, 1992. (Source: Indian Express, 12/21/06)

Post Comment: The text of the Food Safety & Standards Act 2006 is available at: <http://mofpi.nic.in/fsnstds.pdf>

BT COTTON A BOOM TO PUNJAB TEXTILE UNITS

Bt cotton production in north India has helped textile units in Punjab as availability of better quality cotton in the local market and its use in the production line have increased the per capita productivity of looms. The new bollgard technology has helped revival of cotton in the region, which was reeling under severe bollworm problem. Textile industry sources report that about 70 percent of the total cotton is Bt cotton, and its use is increasing. Some of the textile units are exploring contract farming opportunities for getting quality supplies of cotton. (Business Standard, 12/14/06)

SUPREME COURT CONCERNED OVER RISKS OF OPEN FIELD TRIALS OF GM SEEDS

Hearing on a petition against large scale field trials of genetically modified (GM) seeds on December 15, the Supreme Court shared public concerns and its potential to corrupt traditional crops like rice, cotton, brinjal, tomato, cauliflower, etc. However, it did not accede to the petitioner plea for a total ban on field trials until the Genetic Engineering Approval Committee (GEAC) bring out the outcome of the laboratory safety tests on GM seeds. On the specific case of field trials of GM mustard seed being carried out by the Delhi University, the court allowed continuance of the field trials and asked the GEAC to submit a report on the safety aspect of the field trial. The court also warned Delhi University that the plants will have to be uprooted if found to be ecologically dangerous. (Source: Times of India, 12/16/06)

GEAC TO LOOK INTO GM CROP IRREGULARITIES

The GEAC has now begun giving importance to studies made by NGO's on genetically modified food crop trials. In the last meeting, GEAC discussed the reports on irregularities on genetically modified okra field trials in Karnataka and Andhra Pradesh as pointed out by a report from Centre for Sustainable Agriculture (CSA). The GEAC has also asked the state agriculture universities to enquire into the incidence of violations. GEAC also reviewed the report of an independent expert panel set up by CSA and another NGO on Bt brinjal trials, and referred the report to the Review Committee on Genetic Manipulation (RCGM) and panel headed by Dr. Deepak Paintal, a leading biotechnologist. The GEAC has formed a

committee headed by Dr. M.S. Swaminathan to review the existing biosafety norms that would address global trade concerns. (Financial Express, 12/19/06)

ITC LTD. TO OPEN 54 CHOUPAL FRESH STORES

Diversified conglomerate ITC Ltd. said that it will expand its fruit and vegetable retail and wholesale business by opening 54 new Choupal Fresh outlets in select metros in the next three years. The first Choupal Fresh opened in Hyderabad August this year and there are 3 other outlets in Hyderabad and Pune. The company has also set up a cold chain for ensuring the availability of fresh produce in the market besides developing direct sourcing linkages with farmers. The company plans nine additional rural malls called Choupal Sagaar, hypermarkets providing multiple services under one roof, in the next six months. (Source: Business Standard, 12/20/06)

SUGUNA POULTRY, SBI IN PACT FOR CONTRACT FARMING

Suguna Poultry based in Coimbatore (Tamil Nadu) has entered into a Memorandum of Understanding with the State Bank of India (SBI) for providing credit facilities to Suguna's poultry contract farming. Suguna is interested to increase its poultry contract farms from the present 5000 to 10000 and is therefore looking at a centralized funding arrangement to facilitate this expansion. The Company also plans to enter into contract farming arrangements with maize farmers to meet its corn requirement. SBI currently provides credit facilities to the tune of \$66 million to \$88 million for the poultry sector while its allocation for Tamil Nadu state will be around \$33 million. (Source: The Hindu Business Line, 12/08/06)

GOVT PARTIALLY LIFTS EXPORT BAN FOR SUGAR

Partially lifting the ban on sugar exports, the Union Cabinet decided to allow export of sugar by companies that had imported raw sugar under the advance licensing scheme. Around one million tons of raw sugar imported under the scheme will now be allowed for exports. Industry sources report that the government may allow exports of another 1 million tons under open scheme after a review of price situation in the domestic market. The government had banned exports of sugar on July 4, 2006. (Source: Economic Times, 12/19/06)

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